

Message Text

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ACTION EB-07

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AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

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FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 5796
INFO CIEC PARIS 1025
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E. O. 11652: NA

TAGS: OECD, CIEC, EGEN, EFIN, ID

SUBJECT: US REPRESENTATIONS ON CIEC AND IRB

REF: A) STATE 181094, B) JAKARTA 8828, C) JAKARTA 8847;
D) JAKARTA 8889

1. SUMMARY: EMBASSY OFFICERS MET 23 JULY WITH DR. A MOOY OF BAPPENAS TO DISCUSS CIEC. MOOY GAVE DETAILED SUMMARY JULY CIEC COMMISSION MEETINGS, EXPRESSED DISMAY AT LACK OF CONCRETE ACHIEVEMENT, OUTLINED SPECIFIC PROBLEMS OF LACK OF INFORMAL DIALOG AMONG PARTICIPANTS, RAISED QUESTION RE FUTURE OF CIEC MEETINGS AND US MOVES TO OVERCOME COMMISSIONS' DIFFERENCES, AND OFFERED HIS VIEWS ON UNITED STATES' FAILURE TO SATISFACTORILY PRESENT PROPOSAL FOR INTERNATIONAL RESOURCES BANK. END SUMMARY.

2. E/CM COUNSELOR ACCOMPANIED BY EMBOFF MET WITH DR. A MOOY, BAPPENAS (STATE PLANNING ORGANIZATION) DEPUTY FOR
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MONETARY AND FINANCIAL PLANNING AND ONE OF GOI SENIOR

CIEC REPS, TO DISCUSS RECENTLY COMPLETED CIEC COMMISSION MEETINGS AS REQUESTED REF A. MOOY WELCOMED OPIWRTUNITY FOR DISCUSSION AND REGRETTED THAT CONCERNED COUNTRIES OFTEN UNABLE TO ENGAGE IN INFORMAL DIALOG.

3. MOOY EXPLAINED THAT IN HIS VIEW, NOTHING HAS BEEN ACHIEVED YET AT CIEC. HE SAID CIEC COMMISSION MEETINGS HAD ADDED RESPONSIBILITY TO TAKE NORTH-SOUTH DIALONG FORWARD FROM WHERE IT LEFT OFF AT UNCTAD IV IN NAIROBI. THE CIEC ADDRESSED THE SAME TOPICS AS UNCTAD IV, WITH THE ADDITION OF ENERGY ISSUES, AND THE LDC GROUP OF 19 (G-19) WERE ESSENTIALLY THE REPRESENTATIVES OF UNCTAD IV'S GROUP OF 77 (G-77). MOOY SAW COMPLETED FIRST PHASE OF CIEC AS MERELY REITERATING PAST EXPRESSIONS OF LDC ANALYTICAL STUDIES THAT DEFINED NORTH-SOUTH DIFFERENCES. HE NOTED THIS PHASE WAS IMPORTANT FOR SOME OF G-19 BUT PERSONALLY THOUGHT IT UNPRODUCTIVE.

4. SECOND, ACTION-ORIENTED PHASE THAT BEGAN WITH COMMISSIONS' MANDATE TO DRAW UP WORK PROGRAMS FOR SEPTEMBER MEETINGS HAS GOT OFF TO A BAD STATRT IN FAILURE TO COME UP WITH AGREED WORK PROGRAMS. MOOY'S IMPRESSION WAS THAT G-19 UNDERSTOOD SECOND PHASE TO BE ONE OF NEGOTIATION BUT THAT DC'S GROUP OF 8 (G-8) SEEMED TO BE AVOIDING NEGOTIATIONS.

5. IN REFERENCE TO TOPIC OF PURCHASING POWER OF LDC EXPORTS, MOOY SAID G-19 WANTED WORK PROGRAM DEFINED AS QUOTE IMPROVEMENT OR MAINTENANCE OF THE PURCHASING POWER OF LDC EXPORTS UNQUOTE WHILE G-8 WANTED IT DEFINED ONLY AS QUOTE PURCHASING POWER OF LDC EXPORTS UNQUOTE. MOOY ADMITTED LANGUAGE WAS NON-NEUTRAL SINCE IT A) ASSUMED AS GIVEN THAT PURCHASING POWER OF LDC EXPORTS MUST BE IMPROVED OR MAINTAINED; AND B) PREDISPOSED WORKING GROUPS TO FIND WAYS TO ACCOMPLISH IT. HTIS WAS A VALID FORNULATION, HE EXPLAINED, BECAUSE IT QUOTE WENT FORWARD FROM THE UNCTAD IV FINDINGS THAT MEANS MUST BE FOUND TO MAINTAIN OR IMPROVE PURCHASING POWER OF LDC EXPORTS UNQUOTE. THE G-8 FORMULA WOULD HAVE BEEN STEP BACKWARDS BY DEGRADING WORKING GROUP LIMITED OFFICIAL USE

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INTO A DISCUSSION OF QUOTE WHETHER OR NOT EXPORT PURCHASING POWER SHOULD BE MAINTAINED OR IMPROVED UNQUOTE.

6. MOOY EXPLAINED DIFFICULTY ON DEBT ISSUE CAUSED BY SPLITTING ORGANIZATION OR WORK PROGRAM FROM SUBSTANCE AND IN TRYING TO SPELL OUT SUBSTANCE BEFORE WORK PROGRAM WAS ALLOCATED AMONG COMMISSIONS. THE DEBT ISSUE WAS A TOPIC FOR BOTH DEVELOPMENT AND FINANCE

COMMISSIONS. MOOY SAID G-19 WANTED JOINT COMMISSION
DRAWN FROM DEVELOPMENT AND FROM FINANCE TO SET UP
JOINT WORKING GROUPS TO CONSIDER PROBLEM
OF INDEBTEDNESS. BOTH G-19 AND G-8 WOULD BE REPRESENTED
IN WORKING GROUPS. THE G-8, ON THE OTHER
HAND, LED BY THE EC, WANTED A JOINT COMMISSION TO ONLY
ALLOCATE WORK AMONG DEVELOPMENT AND FINANCE COMMISSIONS
BUT NOT CARRY ON THE ACTUAL WORK JOINTLY.

7. MOOY SAID G-19 EVENTUALLY GAVE UP IDEA OF JOINT
COMMITTEE AND PROPOSED INSTEAD FREQUENT CONSULTATIONS
AND COORDINATION BETWEEN TWO INDEPENDENT FINANCE AND
DEVELOPMENT COMMISSIONS, BUT AGAIN THE LANGUAGE PROBLEM
INTERVENED. G-19 WANTED FINANCE COMMISSION TO
COME UP WITH A GLOBAL APPROACH TO QUOTE PROPOSALS TO
GUIDE DEBT REORGANIZATION UNQUOTE, WHICH WENT
FORWARD FROM ANIROBI IN STATING THAT INDEED THERE SHOULD
BE SOME MECHANISM TO RESTRUCTURE DEBT. G-8, ON THE
OTHER HAND, WANTED A MORE SPECIFIC CASE-BY-CASE APPROACH
AND A WORDING THAT WOULD QUOTE FORMULATE PROPOSALS
FOR FEATURES THAT COULD LEAD TO DEBT REORGANIZATION UNQUOTE.

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8. MOOY NOTED ONE OVERRIDING REASON FOR CIEC COMMISSIONS' DIFFICULTIES--THE LACK OF AN OPPORTUNITY FOR INFORMAL CONTACT AMONG ALL NATIONAL GROUPS AT BOTH CIEC AND AT UNCTAD IV. IN FORMAL GROUP DISCUSSIONS, HE SAID, INDONESIA'S POSITION IS TIED TO THAT OF KG- 7 AND G-19. THE LDCS ARE COMMITTED TO PRESENTING A UNITED FRONT TO THE DC GROUPS BUT ARE THEMSELVES TORN BY INTERNAL DIFFERENCES. RESULT IS, HE SAID, THAT IF THERE IS NO GROUP AGREEMENT ON AN ISSUE, NO DECISIONS AT ALL ARE PRESENTED. THERE SHOULD BE MORE OPPORTUNITY AT THESE INTERNATIONAL MEETINGS FOR INFORMAL SUBSTANTIVE DISCUSSIONS AMONG BOTH LDCS AND BETWEEN LDCS AND DCS SO DIFFERENCES CAN BE DISCUSSED AND IRONED OUTSIDE OF POLITICALLY SENSITIVE FORMAL GROUP MEETINGS.

9. MOOY WAS QUITE CONCERNED ABOUT VAGUE FORMULATION OF THE COCHAIRMAN'S MINUTE AT THE CONCLUSION OF THE COMMISSION MEETINGS (REF A) IN WHICH THE COCHAIRMAN LIMITED OFFICIAL USE

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WOULD UNDERTAKE TO RESOLVE COMMISSIONS' DIFFICULTIES. HE CITED US STANCE OF BEING PREPARED TO ASSIST IN THIS EFFORT BUT WANTED TO KNOW WHAT SPECIFIC ACTIONS US IS TAKING IN THIS REGARD. HE QUESTIONED WHETHER TALKS AT MORE SENIOR LEVEL THAN THOSE OF THE COMMISSIONS' EXPERTS MIGHT BE EFFECTIVE, AND WHETHER US IS PREPARED TO DEAL ALONG THESE LINES. HE NOTED THAT SEPTEMBER MEETINGS ARE ALMOST UPON US AND THAT IF COMMISSIONS' DIFFERENCES ON WORK PROGRAMS ARE NOT RESOLVED WHOLE CONCEPT OF CIEC IN JEOPARDY.

10. ON US PROPOSAL FOR INTERNATIONAL RESOURCES BANK, MOOY REITERATED FEELING AMONG ALMOST ALL LDCS THAT PROPOSAL WAS ILL-DEFINED AND BADLY PRESENTED. HE SAID IT CAME OUT OF THE BLUE AT UNCTAD IV WITH NO PREVIOUS DISCUSSION. HE WAS PARTICULARLY CONCERNED THAT US HAD NOT EVEN BOTHERED TO FLOAT A TRIAL BALLOON BEFORE G-77 TO SEE HOW IRB WOULD BE RECEIVED, AND AGAIN BROUGHT UP IDEA THAT INFORMAL DISCUSSION WOULD HAVE MADE IRB EASIER TO TAKE.

1. AS IT WAS, G-77 IMMEDIATELY INTERPRETED IRB PROPOSAL AS DEVIOUS, LAST MINUTE ATTEMPT TO DEFEAT COMMON FUND AND INTEGRATED COMMODITY PROGRAM, ESPECIALLY SINCE IRB PROPOSAL CAME BEFORE ANY MEANINGFUL NEGOTIATION ON

COMMON FUND HAD BEGUN. LATER EXPANSION OF US PROPOSAL AT CIEC IN JUNE DID NOT GO MUCH FARTHER IN CLARIFYING IRB ISSUE.

12. ECON COUNSELOR OBSERVED THAT AT UNCTAD IV PROFESSOR WIDJOJO'S COMMENTS SEEMED TO BE REPRESENTING A MORE ACTIVIST LDC LEADERSHIP ROLE FOR INDONESIA IN DC-LDC RELATIONS. MOOY DOWNPLAYED OBSERVATION BY NOTING THAT GOI'S ACTIVIST ROLE REFLECTS GREAT STRESS IT PUTS ON COMMODITY MARKETING PROBLEMS AND NEED FOR CONCRETE ACTION ON COMMON FUND. THE GOI'S SIDING WITH SOME RADICAL ELEMENTS OF G-77 IS NOT NECESSARILY TO BE INTERPRETED AS A NEGATIVE REACTION TO IRB IF ONLY THE GOI'S --AND OTHER LDC'S --QUESTIONS ON IRB CAN BE ANSWERED.

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13. COMMENTS: MOOY IS AN EXTREMELY CAPABLE, ARTICULATE, AND BUSY GOI OFFICIAL WHO HAS BEEN INTIMATELY INVOLVED IN UNCTAD AND CIEC MEETINGS. HIS COMMENTS PROBABLY REFLECT FEELINGS OF MOST SENIOR GOI OFFICIALS AS WELL. MOOY'S COMMENTS ON LACK OF INFORMAL DIALOG AMONG LDCS AND BETWEEN LDCS AND DCS REFLECT A DIFFICULTY EXPRESSED BY OTHER GOI OFFICIALS AS WELL (REF B) THAT INDONESIA'S CHANGED PUBLIC STANCE IS A MATTER OF LDC POLITICS, AND THAT PRIVATELY GOI WOULD LIKE TO SETTLE SOME OF ITS DIFFERENCES WITH THE DCS WHEN IT IS TO GOI'S OWN ADVANTAGE. ECONOMIC COUNSELOR ATTEMPTED TO GET MOOY TO EXPAND ON THIS BY BRINGING UP FOREIGN TRADE DIRECTOR SUHADI'S COMMENTS (REF B, D) THAT INDONESIA'S RANKED PRIORITIES ARE INDONESIA ITSELF, THEN ASEAN AND THEN G-77, BUT HE DIDN'T RESPOND.

14. ATTITUDE TOWARDS IRB IS SIMILAR TO THAT REPORTED BY SUHADI AS WELL (REF C), AND CONTINUES TO INDICATE THAT WHILE ISSUE IS NOT DEAD, UNITED STATES MUST GO MUCH FARTHER IN DIPLOMATICALLY PRESENTING ITS IRB PROPOSAL TO LDCS, EXPLAIN EXACTLY HOW IT WILL WORK, AND ASSURE THAT LDCS THAT, IF IT IS INDEED THE CASE, IT WILL NOT REDUCE FINANCIAL RESOURCES AVAILABLE TO LDCS FROM OTHER MULTILATERAL SOURCES.

15. MOOY'S SUMMARY OF THE CIEC COMMISSION MEETINGS MUCH MORE DETAILED AND DIFFERS SOMEWHAT FROM REPORTS WE HAVE RECEIVED FROM PARIS, ESPECIALLY ON DEBT ISSUE. WE WOULD APPRECIATE DEPARTMENT'S COMMENTS ON MOOY'S DESCRIPTION AND INTERPRETATION. WOULD ALSO APPRECIATE DEPARTMENT'S COMMENTS TO SPECIFIC QUESTIONS RAISED BY MOOY IN PARA 9.
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